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UNCLAS ANKARA 005647

SIPDIS

SENSITIVE

STATE FOR E, EB/CBED, EUR/SE  
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SUBJECT: FIRST TURKISH POWER TO IRAQ ON SCHEDULE FOR  
SEPTEMBER 15 - ACTION REQUEST PARA 6

1. With the strong support of the GOT, Turkish power company Karadeniz Energy is preparing to export 50 megawatts of power from Turkey into the Iraqi power grid. The 2-year deal was signed with the Coalition Provisional Authority in Baghdad on August 26, with power scheduled to begin flowing September 15. Payments will be a combination of cash and bartered petroleum.

2. Karadeniz Energy operates a mobile power plant with generating capacity of 75 megawatts in Silopi, Turkey, very near the Iraqi border town of Zakhu. Initially, the contract calls for Karadeniz to deliver 50 megawatts. However, Karadeniz General manager Dogan Karadeniz told us that the contract allows for larger shipments. He hopes to increase deliveries to about 120 megawatts in 3-4 months, and eventually to 200 megawatts - the maximum capacity of the connecting power line.

3. Karadeniz was confident that the company would meet the September 15 target date but admitted that it could slip a day or two. He explained that the connecting line between Turkey and Iraq is in place, and Turkish and Iraqi technicians were already in Silopi to work out any remaining technical difficulties. He noted that the Turkish Energy Ministry had been very supportive and had sent some officials to Silopi as well.

4. Karadeniz already received the needed production licenses. The remaining obstacle is an export license. Karadeniz explained that there was no problem. He could not initiate the application until the contract was signed on August 26. Nevertheless he expected the license to be approved by September 12. MFA DEputy GD for Energy Hakki Akil told us September 4-5 that he expected the Energy Market Regulatory Authority to approve the export license in a few days.

5. Comment: From the Turkish side, it appears that everything is in place to begin power deliveries -- just weeks after signing the contract. The deal adds to a slowly growing list of Turkish initiatives to aid the CPA reconstruction efforts in Iraq. It also demonstrates another tangible benefit for Turkey and Turkish businesses. End Comment.

6. Action Request: Akil suggested Turkish companies might be able to provide additional electricity to Iraq if they used their grid interconnector with Syria. While stressing this was not a formal proposal, he asked how the USG would view such an approach. Embassy would appreciate Washington guidance. End Action Request.

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